



Meeting The Challenge

2001 YEAR IN REVIEW



SAN ANTONIO AIRPORT SYSTEM

Director's Message

The past year has presented the City's Aviation Department with interesting and challenging times. With the devastating impact of the tragedy that occurred on September 11, airport personnel immediately enacted heightened security procedures, which saw tighter security as well as an increased presence of uniformed Police Officers patrolling the airport and controlling curbside traffic. Additional equipment was installed and private uniformed security personnel were hired to assist. By order of Texas Governor Rick Perry, the Texas National Guard was also deployed to the airport security checkpoints. Explosive-detection canine teams were brought in, and positive bag match procedures were enacted by order of the Federal Government. With all these changes, we, along with our airline partners, focused on our mutual goals of meeting these new challenges while maintaining first-rate functional and user-friendly facilities.



Kevin C. Dolliole
Aviation Director

The budget year 2001–2002 and proposed capital improvement costs were greatly impacted by increased security requirements. Since September 11, the Federal Government has required significant changes to the aviation security programs and some of the new procedures may require modifications to the existing terminal facilities at San Antonio International Airport. On November 17, the Federal Government passed the Aviation and Transportation Security Act. The Act created the Transportation Security Administration (TSA) within the United States Department of Transportation. The TSA will be responsible for the development and implementation of all security procedures at our nation's airports. We are committed to work cooperatively with the TSA to ensure the safety and security for the users of the San Antonio Airport System.

Working steadily with City officials and our airport tenants, a few of our major accomplishments in 2001 include:

- Initiation of construction projects to reconfigure and expand the food, beverage and retail concessions in Terminals One and Two;
- City Council's approval of the first concessionaire contracts under the new Concession Expansion Program;
- Initial steps taken toward implementing a ten-year \$426 million Capitol Improvement Program (CIP) for terminal, parking and airfield expansion;
- The Federal Aviation Administration's (FAA) approval of San Antonio's first Passenger Facility Charge (PFC) to fund a portion of the CIP;
- City Council's approval of a new five-year Airline/Airport Use and Lease Agreement;
- Transmittal to the FAA of San Antonio International's FAR Part 150 Noise Compatibility Study Update for its review and approval; and
- Initiation of the process to develop a new Airport Master Plan for Stinson Municipal Airport, which also includes a Target Industries Analysis to attract new businesses to the airport.

Meeting the Challenge



Electronic fingerprinting.



Canine luggage search.

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Meeting The Challenge

2001 YEAR IN REVIEW



CITY OF SAN ANTONIO
AVIATION DEPARTMENT

SAN ANTONIO AIRPORT SYSTEM

Following September 11, the nation saw a general reduction of about 20 percent in passenger activity. However, San Antonio International counted itself as one of the least impacted airports in the country. San Antonio's airline partners continued their commitment to the market with only a slight reduction in frequencies, but no decrease in nonstop destinations. In fact, Southwest Airlines stayed with its commitment to initiate new nonstop service to San Diego and Raleigh-Durham on October 28. The 14 airlines serving San Antonio quickly returned to providing 246 daily departures and arrivals to and from 30 nonstop destinations with connecting service to every major city in the world. At publication time, additional frequencies are continuing to be added by all of San Antonio's major airlines, as well as new service has been started by Sun Country to Laughlin, Nevada. Northwest Airlines recently announced the start of new nonstop service to Detroit, Michigan in July 2002.



While market demand is the primary stimulant for the outstanding commercial passenger, cargo, and general aviation activity the San Antonio area enjoys, the Aviation Department recognizes its vital role in economic development of the region. As such, we will continue to work cooperatively with the community in a joint effort to increase air service and provide modern facilities for the mutual benefit of the customers we serve.

One of the Aviation Department's proudest moments came when the FAA announced that San Antonio International Airport would receive the "Texas 2001 Outstanding Airport of the Year" award. This award is given to one airport in each of the five states in the FAA's Southwest region. It is presented in recognition of an airport's overall management in: use of Federal funds, diligence in planning and implementing projects, compliance with FAA safety standards and airport maintenance.

This award comes as a result of the professionalism, knowledge and dedication of the Aviation Department staff. It is also a great tribute to the airport tenants and users of the airport facility, to the City's partnership with the FAA, and to the City leaders who support the Aviation Department's efforts in the overall operation of the San Antonio Airport System.



Texas 2001 Outstanding Airport of the Year Award presented by FAA's Guillermo Villalobos, Mike Nicely and Naomi Saunders to Aviation Director Kevin Dolliole and Project Control Manager Les Heinen.

On behalf of the Aviation Department and its talented and dedicated employees, we look forward to the future challenges facing the San Antonio Airport System and to meeting the needs of our customers in light of a new era in airport services. While at the same time, we want to make sure our plans fit with those of the community we serve.

Kevin C. Dolliole
Aviation Director

Ten-Year Airport Capital Improvement Program

The Capital Improvement Program (CIP) for the San Antonio Airport System covers a 10-year period from Fiscal year (FY) 2002 through 2011. The projects are necessary to accommodate the expected continued growth in aircraft and passenger activity at San Antonio International Airport (SAT). Included in the CIP are the expansion of SAT's parking facilities and roadway system, terminal gates and airfield infrastructure. It also includes funding to replace or rehabilitate certain facilities and equipment at both International and Stinson Municipal Airports. (See page 14 for Stinson Capital Improvement Program details.) The CIP is updated each year to reflect a proposed capital program for the next upcoming 10-year period.

Terminal and Airfield Improvements

SAT's 20-year (1995–2015) Master Plan, completed in January 1998, determined that certain capital improvements were needed to the airfield infrastructure in order to reduce aircraft delays expected to occur with increased operations projected through 2015. In addition, the Master Plan found that SAT's terminal-gate capacity is insufficient to meet future demand through 2015. The CIP projects recommended in the Master Plan included several runway and taxiway expansion projects, construction of two new terminal concourses and replacement of Terminal 2, which has outlived its useful life and will be demolished. Removal of Terminal 2 also makes way for ultimate terminal development beyond the current Master Plan period.



To meet the technical and operational layout requirements, as well as allow for an orderly sequencing of the future terminal complex, the City hired a local architectural firm in August 2001 to develop a Terminal Expansion Programming Study. Once the Programming Study is completed, the City will hire an architect to develop the structural design and construction documents. Construction on the terminal expansion project is expected to start 2003, with Concourse B to be operational in 2006 and Concourse C in 2008.

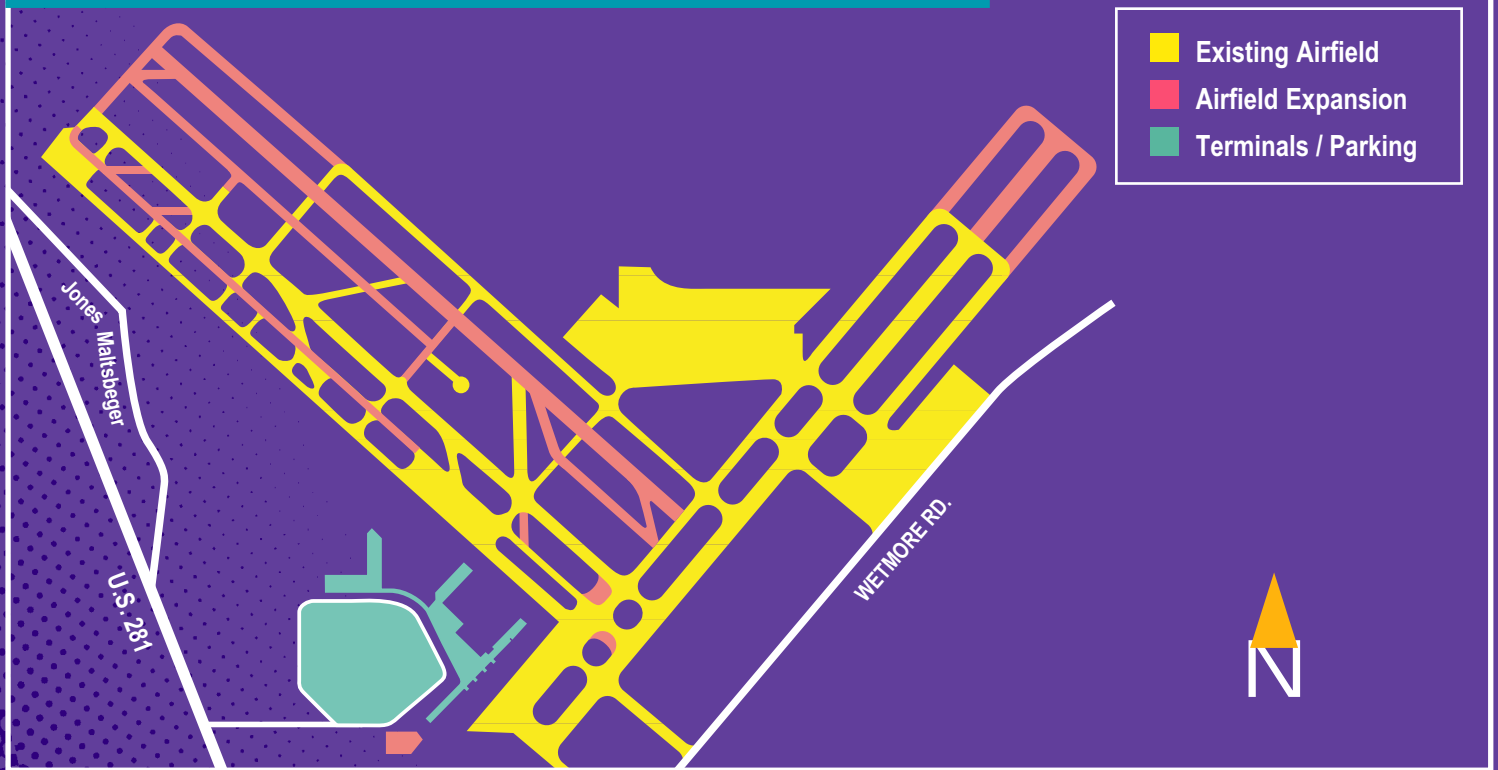
Parking Improvements

In 1996, a Parking Expansion Study recommended the development of a new parking garage, reconfiguration of access roadways and development of a new cashier plaza. Construction began on this project in October 1997, with the new garage opening October 1999 and the cashier plaza opening March 2000. Currently, the Airport System operates and maintains approximately 6,100 public parking spaces and 1,000 employee parking spaces for a total of 7,100 parking spaces. However, due to continued growth in airline activity, the expanded parking system is currently running at or near capacity.

A more recent Parking Expansion and Financial Feasibility Study was conducted in August 2001 by AGA Consulting, Inc. It concluded that further expansion to the parking system is required. That study indicates that projected peak-period demand for SAT parking will exceed the available supply by the end of 2004. It is projected that 2,400 additional parking spaces will be required in 2004 to satisfy forecasted demand over the next ten years. The design and construction document development process for new parking facilities is expected to start in 2002. The associated costs are included in the 10-year CIP.



Airfield Expansion



Terminal and Parking Expansion



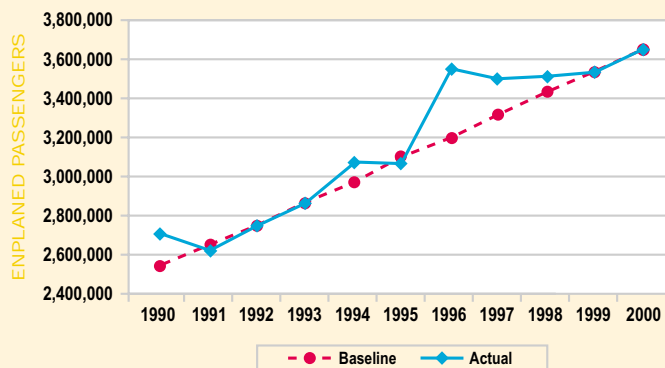
2001 Year in review

Ten-Year Airport Capital Improvement Program (cont.)

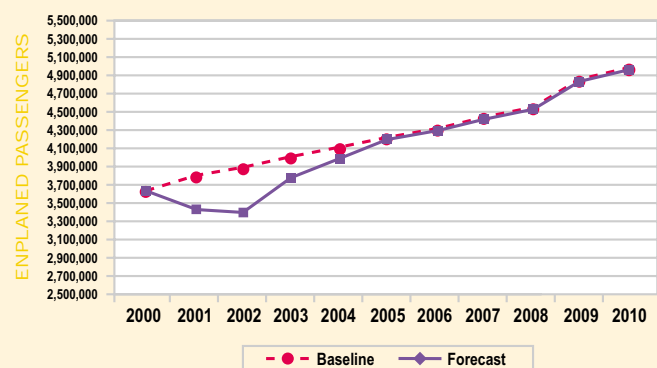
Effects of September 11 Events on the CIP

The CIP was re-evaluated subsequent to the September 11, 2001 tragedy. The City retained the services of airport consulting firm Unison Maximus, Inc. to develop a Financial Feasibility Study of the proposed CIP. A key element of this study included an update to the San Antonio International Airport Master Plan traffic forecast, taking into consideration the effect of September 11's events on the airline industry. Although the consultant forecasts a decline in enplanements in the year 2002, the number of enplaned passengers are expected to increase in 2003, with recovery projected to meet the Master Plan's level of projected historical growth by 2005. As a result, timing revisions have been made to the implementation schedule for some projects.

Historical Enplaned Passenger Comparison
San Antonio International Airport



Enplaned Passenger Comparison
Revised Forecast (Post 9-11)
vs. Airport Master Plan
San Antonio International Airport



Following the terrorist attacks of September 11, the original estimates of \$350 million for the CIP projects were adjusted to \$426 million. A significant portion of the increase is due to new federal security mandates for installation of explosive-detection equipment, which requires more ridged building specifications in the proposed new structures, as well as modifications to existing terminal buildings and other airfield and parking facility upgrades.

Projected Results of Airport CIP

Upon completion of the CIP, it is anticipated that the improvements will result in:

- A 30% increase in airfield capacity (in terms of aircraft operations),
- A net increase of six aircraft gates to handle over a million more enplaned passengers annually,
- About a 50% increase in parking spaces, and
- A substantial increase in roadway capacity.

The proposed orderly sequencing of terminal expansion will ensure continued capacity for the handling of passengers in a safe and efficient manner. The City plans to pursue a phased approach in the construction of proposed improvements, whereby capacity is increased to coincide with demand. The City also desires to limit, to the extent possible, the impact of the program costs on airline rates and charges.



Assistant Director Dom Smith, Aviation Director Kevin Dolliole and Assistant Director Ryan Martinez.

Capital Improvement funding Sources

Preliminary cost estimates for the major components of the CIP include:

- \$124 million for terminal related improvements,
- \$52 million for parking,
- \$19 million for roadway improvements, and
- \$174 million for the airfield and related environmental work.

Bonds and Use of Federal Grants

The CIP costs are estimated to total approximately \$426 million for the period FY 2002 through FY 2011. Funding of the projects included in the CIP is estimated as follows:

- General Airport Revenue bonds (\$117 million),
- Passenger Facility Charge (PFC) backed bonds (\$79 million),
- Pay-As-You-Go PFCs (\$49 million),
- Airport generated funds (\$81 million), and
- Federal Airport Improvement Program ("AIP") grants (\$100 million).

Passenger Facility Charge

In January 2001, a Resolution was passed by City Council supporting the submission of an application to the FAA for the use of a \$3.00 PFC to help finance a portion of the CIP. The PFC is a charge that the enplaning passenger pays with the purchase of an airline ticket up to a maximum of the first two stops of a flight.

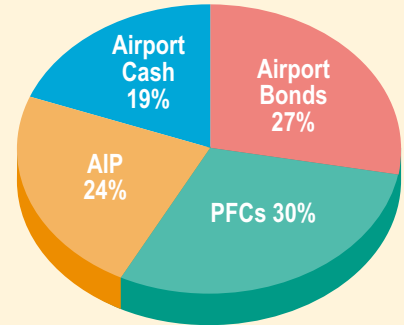
The City received FAA approval for the PFC in August 2001 and collection started November 2001. The \$3.00 PFC is estimated to produce gross revenues of \$102 million, as well as a loss of \$22 million in future federal grants, which is a condition for the use of a PFC. SAT's \$3.00 PFC is estimated to provide \$80 million in net new revenue for capital improvements over the period from 2002 through 2009.

PFC Revenues will be required to provide funding for the below listed projects, which are included in the 10-year CIP:

- Construct aircraft pre-takeoff hold areas
- Modify aircraft wash apron
- Replace remain overnight aircraft apron located at Terminal 2
- Current terminal renovations
- Reconstruct airfield perimeter road
- Residential Acoustical Treatment Program
- Construct high-speed taxiways
- Extension of Runway 21 and associated taxiway development
- New Concourse B and elevated roadway
- Construct Aircraft Rescue and Fire Fighting Training Facility

Of the total \$426 million CIP, approximately \$230 million or 54% will be funded on a "cash basis" through a combination of PFCs, airport-generated funds and federal grants. The pay-as-you-go approach reduces the overall cost of proposed improvements.

San Antonio Airport
System Summary of
Capital Expenditures
FY 2002-2011



highlights in Passenger and Cargo Traffic

Fourteen scheduled air carriers and several charter operators at San Antonio International Airport (SAT) served 6,682,079 domestic and 219,352 international passengers in 2001. Over the same period, air cargo operators airlifted more than 217.6 million pounds.

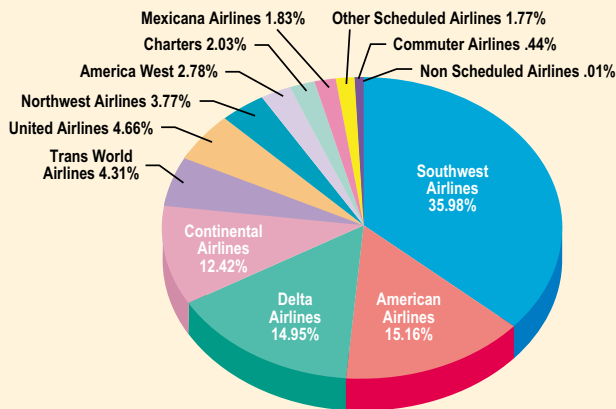
SAT's enplaned passengers in 2000 were up 3.1% over 1999, but lost ground in 2001. Total passengers for 2001, including boardings (3,443,434) and deplanements (3,457,997) were down 5.5%, when compared to 2000's numbers.

Due to the events and aftermath of September 11, airports across the country saw passenger traffic decline. SAT was no exception; however, SAT performed better than most U.S. airports. In September, while passenger counts were down 35% nationwide, compared to the same time in 2000, SAT was down 34.5%. In October, San Antonio's passenger traffic was down 14% compared to the nationwide average of 25%, and in November its traffic had dropped by only 13.75 from 2000 compared to the 20% nationwide. December's national passenger traffic was down 14% from 2000, while SAT's rate of travelers had only decreased by 9.3%.

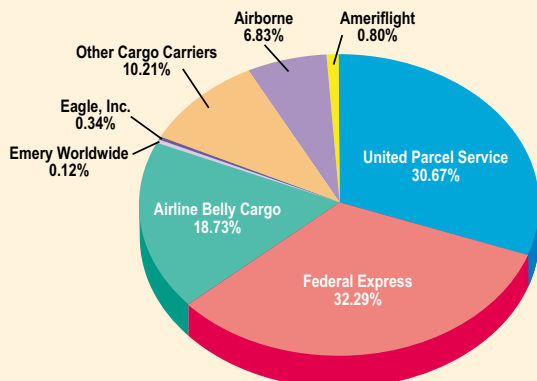
Total air cargo in San Antonio decreased 21% in 2001 compared to 2000. Integrator carriers Federal Express, United Parcel Service and Airborne share the bulk of the air cargo market with 32%, 31% and 7%, respectively. Airline-belly cargo comprised 18.8% of the total in 2001.

Market Share at San Antonio International Airport

2001 Passenger Totals



2001 Air Cargo Totals



San Antonio's Air Service Market

In terms of passengers, the Department of Transportation (DOT) ranks SAT as the 42nd largest airport in the U.S. The San Antonio market enjoys nonstop flights to 30 destinations with same-plane (direct) service to an additional 40 markets. Although airline schedules change constantly, most San Antonio passengers have a choice of same-plane air service to San Antonio's top twenty domestic markets. San Antonio's nonstop service to the major hubs in the U.S. provide the San Antonio passenger connecting service to all parts of the world.



Meeting the Challenge

Top 20 Domestic Origin & Destination Passenger Markets At San Antonio*

(Ranked by 12 Months Ended December 2001)

MARKET** RANKING	O & D DOMESTIC PASSENGERS	PERCENT OF TOTAL	DAILY DIRECT FLIGHTS***
1 Dallas/Ft. Worth, TX**	722,490	12.34%	32
2 Houston, TX**	300,470	5.13%	23
3 Las Vegas, NV	221,830	3.79%	7
4 Chicago, IL**	204,470	3.49%	8
5 Baltimore, MD	166,690	2.85%	3
6 Los Angeles, CA	165,210	2.82%	7
7 New York, NY**	160,430	2.74%	5
8 Washington, DC**	139,140	2.38%	5
9 Phoenix, AZ	136,460	2.33%	9
10 Atlanta, GA	136,290	2.33%	10
	2,353,480	40.19%	
11 Orlando, FL	121,040	2.07%	1
12 El Paso, TX	119,320	2.04%	4
13 St. Louis, MO	110,150	1.88%	6
14 Denver, CO	102,160	1.74%	5
15 New Orleans, LA	93,580	1.60%	2
16 Minneapolis, MN	93,340	1.59%	3
17 Seattle/Tacoma, WA	87,350	1.49%	1
18 San Diego, CA	85,780	1.46%	3
19 Kansas City, MO	78,100	1.33%	2
20 Nashville, TN	77,570	1.32%	2
	968,390	16.54%	
Total San Antonio Domestic Passengers- Top 20 Cities*	3,321,870	56.73%	
Grand Total San Antonio Domestic Passengers*	5,855,970	100.00%	

* Source: US DOT-Based on Approximate 100% Sample-O & D Directional Journeyed Passengers for 12 Months Ended December 2001

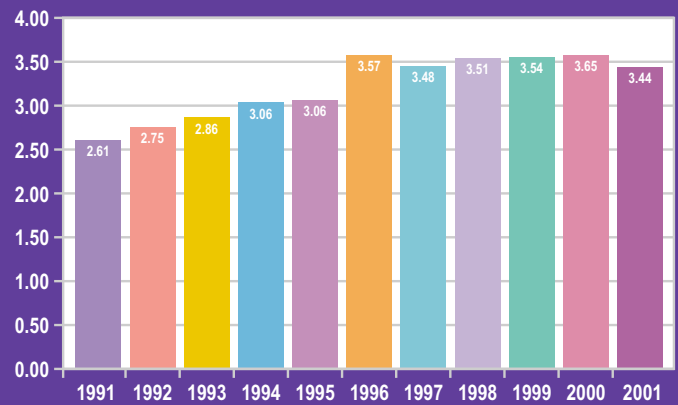
** Market Includes Multiple Airports

*** Source: SH&E Non-stop and/or Same Plane Service as of June 2002

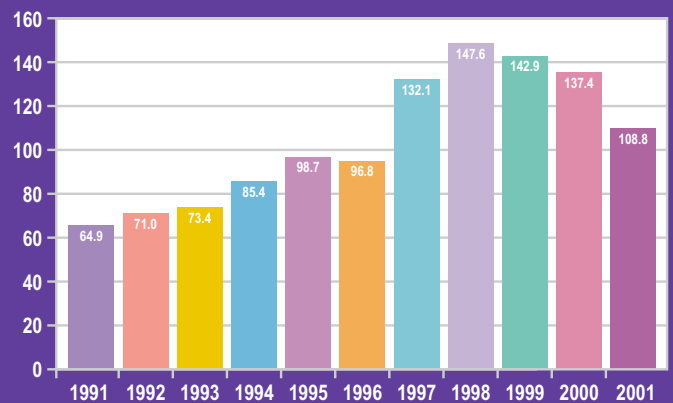
Listed above are San Antonio's top 20 demand markets. The percentage represents the share of total San Antonio passengers in the DOT's survey for the 12 months ended December 2001 that traveled to a particular market. As an example, nearly 12.3% of all SAT passengers traveled to Dallas/Ft Worth as their final destination, followed by Houston (5%), Las Vegas (3.7%), Chicago (3.5%), etc.

Historical Passenger and Cargo Traffic

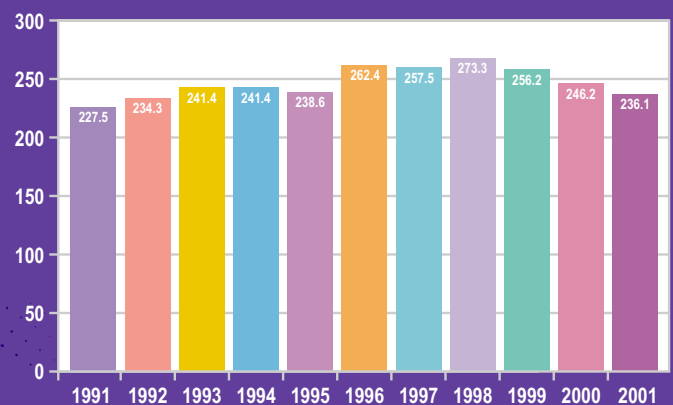
Passengers in Millions
(enplaned and deplaned)



Mail & Freight
Combined Totals
(millions of pounds)



Operations
(thousands of landings and takeoffs)



SAT 2001 Highlights

Passenger Air Service Development

New Service

To assist in the development of air service for the San Antonio market, City Council approved a contract with Kiehl Hinderickson Group (KH Group) to conduct an analysis of the San Antonio market and determine viable opportunities for additional flights to some underserved markets. KH Group presented its findings and action plan to various community groups and to City Council in October 2001. The consultant is working with the Aviation Department to develop and present business cases to various airlines. Several visits to airline headquarters were made during 2001 with some success. Southwest Airlines started new nonstop flights to San Diego, California and Raleigh-Durham, North Carolina on October 28, 2001. Northwest recently announced the start of new nonstop service to Detroit, Michigan beginning in July 2002.

Incentives Offered

City Council also approved the San Antonio Air Service Incentive Program, which offers advertising support to an airline initiating nonstop flights to new markets. Under the program, \$25,000 is available to the first air carrier that begins scheduled nonstop service to a new destination from San Antonio, providing at a minimum one (1) daily round-trip frequency, six (6) days per week, on a “mainline” jet aircraft (e.g., Boeing 737, MD-80, DC-9, etc.) configured with a minimum of 80 seats or greater. An additional \$25,000 is available to the same air carrier when a minimum of two (2) daily round-trip frequencies, six (6) days per week, are initiated “simultaneously” on the same type of mainline aircraft. Advertising support, up to a “maximum” of \$25,000, is also available to the first air carrier providing at a minimum two (2) new daily frequencies, six (6) days per week, on a regional jet aircraft. Various organizations within the community are also providing support for the introduction of new air service to the market.



Airline Agreement

On September 27, 2001, the City Council approved an ordinance authorizing the establishment of a new Airline/Airport Use and Lease Agreement for San Antonio International Airport effective October 1, 2001. The previous Agreement expired September 30, 2001. The new Agreement, which is for a five-year period, continues the basic lease structure established in 1984.

The Agreement between the City and the airlines specifically provides for the lease and use of certain airport facilities by the airlines; the establishment of rentals, fees and charges to be paid by the airlines for their use and occupancy of City property; the flow of funds to meet the cost of repaying the debt incurred to finance certain airport improvements, as well as operating and maintenance of airport facilities and the financing of future improvements; and other normal lease provisions including termination, indemnification, insurance, bonds and notices.

Since the airlines are the primary users of the airport terminals and the airfield, the airlines will thus finance the majority (approximately 70%) of the cost of providing and maintaining these facilities. Revenues from the airlines are estimated to average about \$12 million per year.

Credit Rating Affirmed

The San Antonio International Airport's "A+" rating was reaffirmed by two bond rating agencies, as a result of its operational and financial performance stability post September 11. The bond rating agencies were Fitch Ratings (Fitch) and Standard & Poor's (S&P). A new credit rating is anticipated in 2002 with the issuance of additional bonds.

Due to the economic uncertainty resulting from the terrorist attacks, all U.S. airports were placed on Credit Watch. Fitch and S&P credit SAT's low cost structure for the airlines, its management and good financial liquidity, as well as the diverse balance of airlines serving San Antonio, for reaffirming the A+ rating. The Airport also has benefited from the presence of Southwest Airlines, whose service has remained uninterrupted since the attacks. San Antonio International Airport's significantly faster recovery in passenger traffic compared to the national average (discussed on Page 8) was another reason cited for affirming the A+ bond rating.

Air Cargo Development

In March 2001, the San Antonio City Council approved a contract with Keiser Phillips Associates LLC to develop an Air Cargo Flow Study. The Flow Study will be the first step in an overall marketing strategy to leverage San Antonio International Airport and KellyUSA in the creation of an "Air Cargo Center of the Americas." The Flow Study will include air cargo forecasts and an assessment of infrastructure and facility requirements to grow International Airport's integrator and belly freight operations and to initiate heavy air cargo service at KellyUSA. The results of the Air Cargo Flow Study are expected during the first quarter 2002.



East Air Cargo Facility Development

The San Antonio International Airport Master Plan calls for all integrated air cargo carriers to operate from the East Air Cargo Facilities located between Taxiway Quebec and Wetmore Road. Airline belly freight operators will continue cargo handling at the West Air Cargo facilities located at 10,000 John Saunders Road, where they have been operating since 1974.

An additional belly freight and ground service vehicle facility is planned for completion within the next five years and will be located at Northern Boulevard and Airport Boulevard.



The initial construction of the multi-phased development at the East Air Cargo site consisted of new apron facilities (approximately 82,300 square yards) for Airborne Express and Federal Express, both completed in 1992. The first expansion of the East Air Cargo site was completed in 1997, with the installation of an additional 36,300 square yards of full-strength apron. This expansion facilitated EGL's (Eagle Global Logistics) construction of a new 40,000 square-foot building (completed in April 2000) for cargo processing.



The second phase of expansion to the East Air Cargo facilities began in March 2001 with the current apron expansion project. This further development of the site allows for installation of approximately 47,100 square yards of full-strength concrete apron, connecting it to the Phase I apron and Eagle's facilities. This project is 88% complete, with an estimated completion date of June 2002. Completion of this project will bring the total to 165,700 square yards of apron at the East Air Cargo Facility.

SAT 2001 Highlights (cont.)

Construction of New Ground Run-up Enclosure Initiated

Located in the center of the airport runway area near the intersection of SAT's two main runways, construction of the Ground Run-up Enclosure (GRE) began February 27, 2001, in the open grass area by the intersection of three taxiways. The GRE project, an element of the 1991 Noise Compatibility Study, will permit aircraft engine testing while reducing the associated noise levels up to 15 decibels. The project is expected to be complete by April 2002. The GRE structure measures 300 x 275 ft. and 28 ft. high.

The project is being funded by an Airport Improvement Program grant in the amount of \$3 million and \$750,000 in Airport matching funds for a total of \$3.75 million. It is designed to accommodate large commercial aircraft currently performing engine run-ups at SAT, including DC-8, B-727, B-737, B-757, B-767 and DC-10. The GRE will provide SAT's three primary aircraft maintenance and repair businesses, along with all of the airlines, the ability to conduct engine maintenance operations and aircraft engine run-ups while reducing the noise impacts on airport neighbors.



Updated Part 150 Recommendations Sent to FAA

On November 26, 2001, the recommendations of San Antonio International's FAR Part 150 Noise Compatibility Study Update were forwarded to the FAA for review and approval. The Study Update, contracted to Ricondo & Associates, began in late 1998 and examined changes in noise exposure surrounding SAT. It also examined a multitude of possible noise abatement/mitigation options and how each might reduce aircraft noise exposure to neighborhoods surrounding the Airport. The FAA has 180 days to approve the update.

During the last 10 years, the previously approved Noise Compatibility Program (NCP) resulted in FAA funding totaling \$9.7 million for noise abatement and mitigation measures. This NCP update will again provide SAT with the means of securing federal funds for noise abatement and mitigation projects.

U.S Hwy 281 Connector Opened

The U.S. Highway 281 northbound connector into the San Antonio International Airport, a \$7.5 million project funded by Federal Aviation Administration Airport Improvement Program grants and matching Airport Capital Improvement funds, was opened to the public on June 29, 2001. This link from northbound 281 provides direct access to airport parking and the terminals. A vital partnership was the cooperative effort of the Texas Department of Transportation, which was responsible for the design and construction. San Antonio-based H. B. Zachry was the contractor on the project.



Terminal Renovations & Concessions Redevelopment

Various construction projects were initiated during 2001, which are intended to reconfigure and expand the food, beverage and retail concessions in both Terminals 1 and 2. The current ongoing work also includes a complete renovation of Terminal 1 to update the appearance with new ceiling, wall and floor coverings and to install new customer assistance technology such as the Multi-User Flight Information Display System (MUFIDS). The Terminal 1 structure is also being expanded to add 8,754 square feet for use as new concessions space and to enlarge the passenger waiting areas at Gates 8 and 9. City Council recently awarded a \$14 million construction contract, which will start in the spring of 2002 and will cover most of the primary work to be accomplished in Terminal 1.

Terminal 2 is also under renovation, but only in connection with implementation of the new concessions program in the concourse and gate areas and the addition of new signage and MUFIDS.

The \$26.8 million Concession Expansion and Terminal Renovations Project is expected to be complete by the second quarter of 2003.



Airport Advertising Concession

On May 31, 2001, San Antonio City Council approved a five-year airport advertising concession contract with Transportation Media, Inc., a division of Eller Media Company, which is wholly owned by San Antonio-based Clear Channel Communications. For twenty-six years TMI, whose name recently changed to Clear Channel Airports, has successfully operated its network of display advertising programs at major airports in North American. Clear Channel is installing new concepts and new equipment-such as plasma screens and advertising wall wraps. The result will be a strong blend of aesthetic media options, which complement the Airport's new interior aesthetics and meet advertisers' needs.

First Phase Retail & Food Concession Selections

On June 28, 2001, City Council accepted proposals for contract negotiation in the first round of new retail and food concessions for San Antonio International Airport. Selected for nine terminal locations were Texan Accent (gifts & souvenirs), Blimpie Subs & Sandwiches, Host International, Inc.'s Starbucks Coffee Shops and George Gervins Sports Bar, Alamo City Microbrewery and Grill, Frullati Bakery and Café and Reliable Amusement (games). With the completion of each phase of terminal renovations, the allocated space will be turned over to the new concessionaires for finish out. The first of the "Shops at River Landing" are scheduled to open Spring 2002.



Stinson Municipal Airport

Stinson Ten-Year Capital Improvement Program

During 2001, a process was initiated to develop a new Airport Master Plan for the Stinson Municipal Airport. The Stinson Municipal Airport Master Plan will provide recommendations for airfield and facility improvements needed to meet growing operation demands at the 85-year old facility.

As International Airport's designated general aviation reliever and as a recognized catalyst for economic development, upgrade and expansion of Stinson's facilities are needed to take advantage of new, complementary business opportunities evolving with the synergy between Brooks City Base, KellyUSA and the Airport. As part of the master planning process, a Target Industries Analysis is being conducted, which will facilitate development of Stinson properties through the identification of industries and businesses considered to be good prospects for locating at the Airport.

Stinson has several large CIP projects planned that have been developed from the new Master Plan. The proposed projects are driven by the increase in aircraft operations, tenant activities and needed infrastructure improvements.



Stinson Municipal Airport CIP Projects

Project Area	Stinson Projects
Airfield	Runway 9-27 extension is proposed. The extension would give Stinson a 5000 ft. usable runway.
	Plans include replacement of current navigational VASI systems with new PAPI lighting and other electrical upgrades to the airfield.
	Several taxiways will be extended and approximately 20 acres will be recaptured for airfield access.
	Hangar renovations will continue at Stinson. Hangars 5 & 6 are the next hangars scheduled for renovation starting in late 2002.
Landside	Plans include construction of a new 15,000–18,000 square foot administration building to meet the demand for office and classroom space. The building will also house tenants, conference facilities and concession areas such as rental car providers.
Infrastructure	Stinson, in cooperation with the local water provider (San Antonio Water Systems), began an extensive multi-phase water main replacement program for the Airport. The project will be completed in 2002, and when finished, will provide the Airport with enough water pressure to accommodate a 300,000 square foot facility.



Rodrick Jimenez (from left), Ernest Hernandez, Frank Valle, Rita Heredia, Mike Cruz, Bea Valdez-Heidari and Tim O'Krongley at Stinson Airport.



Stinson Municipal Airport Year 2001 in Review

Stinson Municipal Airport reports an all-time high record with aircraft operations. Stinson accommodated a total of 165,534 operations for the year 2001, a 110% increase over 1998 with 78,929 operations despite being closed for three weeks following September 11th. The Texas Department of Transportation Aviation Section approved a \$30,000 grant funding for the reconstruction of nine parking lots. 2002 aircraft operations are expected to surpass 2001 figures by 20,000 operations.



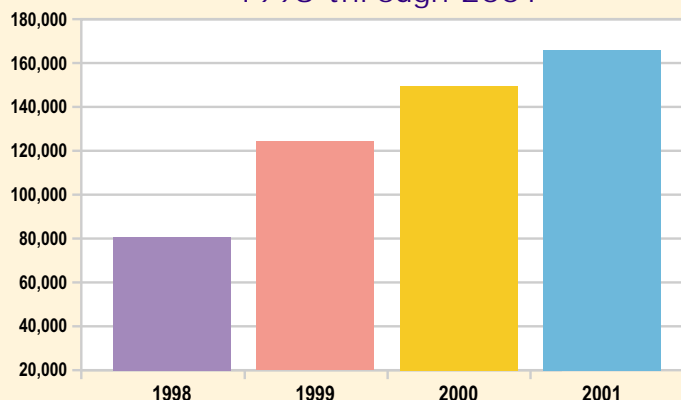
Students and tourist groups ranging from 20 to 230 pupils from different school districts visited Stinson and toured the facilities and museum. School districts from Harlandale ISD, Northside ISD, Northeast ISD and other groups like Sunshine Cottage, Navarro Achievement Center, Boy Scouts of America, Aviation Explorers of America and many other schools and organizations left with knowledge in Aviation History received as a result from these tours.

Stinson Receives Historical Marker

In 2001, after a two year application process Stinson was granted a State Historic Marker. Stinson Municipal Airport was founded in 1916 and is the nation's second oldest, continuously operating general aviation airport. Its history is steeped in stories of daring young women and men whose dreams of flying the South Texas skies came to life. Stinson Municipal Airport is named in honor and in memory of an entire family of early aviation pioneers who began a business that ultimately soared beyond their expectations. Katherine Stinson focused international attention on San Antonio, contributing significantly to its development as a center of aviation. After the Stinson family left San Antonio, the City took over the airport and it became the municipal airport for mail and passengers until World War II. During the Second World War, Stinson was operated by the Army Air Corps as an Air Training Depot. After the war the City once again took over operations of the Airport.

The tradition of flight instruction and training continues today at Stinson Municipal Airport. The Airport has two flight schools, an air cargo operator, aviation museum, three fixed base operators and remains a top Airport facility for seasoned aviators and student pilots alike.

Stinson Municipal Airport Flight Operations 1998 through 2001



Events

The Harley Owner's Group (HOG) held its second annual Bike and Car Show at Stinson attracting over 4,500 spectators and 300+ bikes to the airport. The event raised more than \$20,000 for a local charity.

Stinson Municipal Airport hosted several fly-ins including the Piper Pilot Association, Civil Air Patrol and the Mooney Aircraft-Pilots Society in 2001. Several events brought over 100 aircraft and several hundred people. Stinson also hosted several airships owned by companies like Metlife, Fuji, Ford and others that stayed on the airfield for approximately one to two weeks at a time. These companies visit San Antonio for promotional purposes.



2001 Year in review

Airport System Financial Highlights

The Airport System consists of San Antonio International Airport and Stinson Municipal Airport. The Airport System is financially self-sufficient. It receives no tax revenue or support from the City's General Fund. All income to the Airports is derived from rentals and fees for the use of airport facilities and services. Any income earned that exceeds annual operating and debt service (payment of airport bonds) expenses is reinvested in new airport facilities.

For the fiscal year ending September 30, 2001, gross revenues totaled \$42,778,639, which represented a 3.1% increase over the prior year. The three most significant revenue sources include the airlines at \$12,453,894 (29% of total), parking fees at \$10,856,030 (25% of total) and concession revenues at \$10,447,189 (24% of total). Overall, non-airline revenues represented 71% of the total for FY 2001.

Airport System Gross Revenues

Gross Revenues	Fiscal Years Ended September 30		
	FY 2000	FY 2001	% CHG
Airline Revenues			
Landing Fees	\$ 5,433,787	\$ 5,389,262	- 0.8%
Terminal Rentals (less refund)	4,689,807	5,929,243	26.4%
International Passenger Fees	746,321	759,139	1.7%
Ramp Fees	373,148	376,250	0.8%
Subtotal Airline Revenue	\$ 11,243,063	\$ 12,453,894	10.8%
Non-Airline Revenues			
Property Leases	\$ 5,118,831	\$ 5,720,005	11.7%
Parking Fees	10,918,771	10,856,030	- 0.6%
Concession Revenues	10,687,033	10,447,189	- 2.2%
Stinson Airport	161,600	163,270	1.0%
Other Revenues	3,366,316	3,138,251	- 6.8%
Subtotal Non-Airline Revenue	\$ 30,252,551	\$ 30,324,745	0.2%
Total Gross Revenue	\$ 41,495,614	\$ 42,778,639	3.1%



Meeting the Challenge

On the expenditure side, operating and maintenance expenses increased from \$21,895,286 to \$24,140,386 or 10.3%. Some of the more notable changes included: a one-time reimbursement to the City's General Fund in the amount of \$1.7 million for airport improvements, which was charged to Administration, and approximately \$200,000 in additional security-related expenses in September 2001 due to the 9-11 tragedy.

Airport System Operating and Maintenance Expenses

	Fiscal Years Ended September 30		
	FY 2000	FY 2001	% CHG
Airfield Area	\$ 1,255,750	\$ 1,357,513	8.1%
Service Area	248,543	249,680	0.5%
Terminal 2	1,767,493	1,626,325	- 8.0%
Terminal 1	2,443,962	2,499,298	2.3%
Fire & Rescue	2,601,357	2,620,549	0.7%
Access	510,102	529,288	3.8%
Central Plant	549,340	439,942	- 19.9%
Commercial & Industrial	78,840	71,050	- 9.9%
Other Buildings & Area	84,021	75,080	- 10.6%
Parking	2,281,612	1,987,083	- 12.9%
Stinson Airport	347,538	387,165	11.4%
Administration	3,944,464	6,531,487	65.6%
Maintenance, Direction & Control	921,533	972,242	5.5%
Security	2,176,045	2,319,521	6.6%
Operations	1,344,320	1,666,184	23.9%
Ground Transportation	340,848	-	-100.0%
Common Services	999,516	807,979	- 19.2%
Total Operating & Maintenance Expense	\$ 21,895,286	\$ 24,140,386	10.3%
Net Revenues *	\$ 19,600,328	\$ 18,638,253	- 4.9%

* Net revenues are utilized to pay debt service and fund airport capital projects.



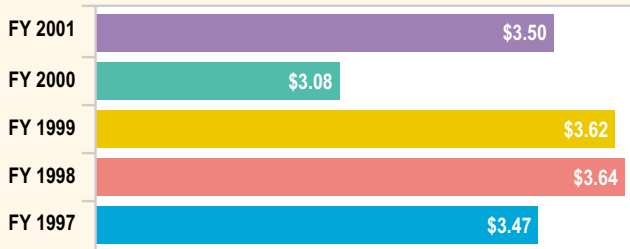
2001 Year in review

Airport System Financial Highlights (cont.)

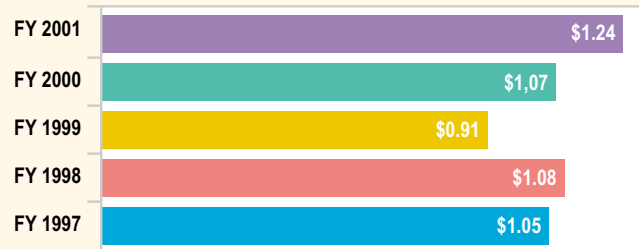
Key Financial Measures

Depicted on this page are some key financial measures which cover the period from FY 1997 through FY 2001. Financial performance is measured by dividing significant airport fiscal operations by the number of enplaned passengers for a given year.

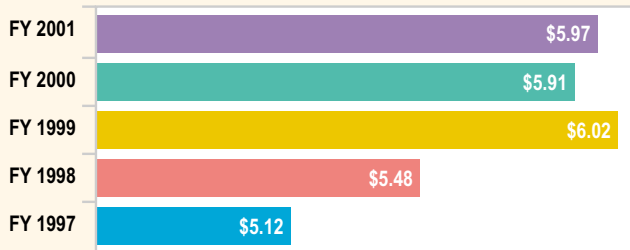
Airline Cost
Per Enplaned Passenger



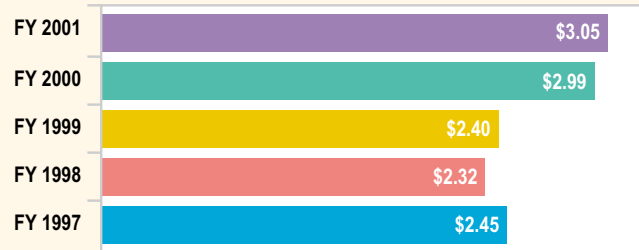
Retail Concession Revenue
Per Enplaned Passenger



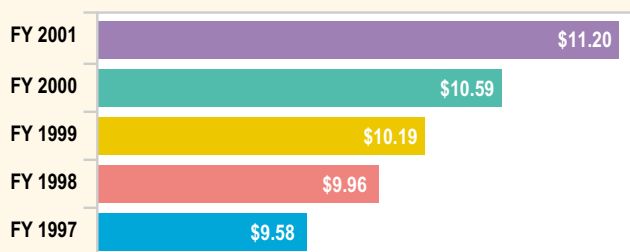
Operating Expense
Per Enplaned Passenger



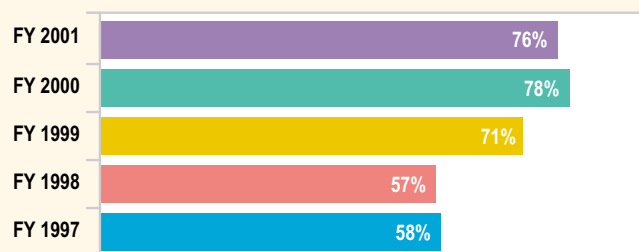
Parking Revenue
Per Enplaned Passenger



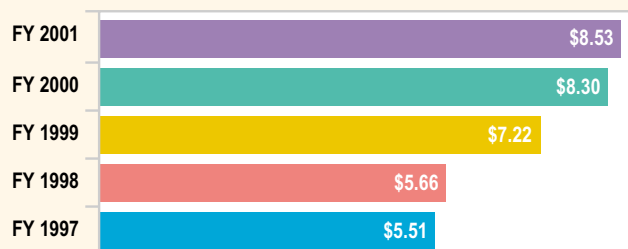
Operating Revenue
Per Enplaned Passenger



Non-Airline Revenue
as a Percent of Total



Non-Airline Revenue
Per Enplaned Passenger







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